

Message Text

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SUBJECT: WEST INDIES SUGAR QUOTA ALLOCATIONS - 1974

1. AMBASSADORS OF BARBADOS, GUYANA, JAMAICA AND TRINIDAD & TOBAGO WERE CALLED IN TO DEPARTMENT AND MET WITH DEPUTY ASSISTANT SECRETARY HARRY W. SHLAUDEMANN ON OCTOBER 30. SUBSTANCE OF THAT MEETING BEING REPORTED SEPTTEL.

2. FOLLOWING IS TEXT OF DIPLOMATIC NOTE HANDED TO AMBASSADORS BY SHAUDEMANN:

"THE SECRETARY OF STATE PRESENTS HIS COMPLIMENTS TO THEIR EXCELLENCIES AND MESSIEURS THE CHIEFS OF MISSION OF BARBADOS, GUYANA, JAMAICA, AND TRINIDAD & TOBAGO AND HAS THE HONOR TO REFER TO THEIR NOTE OF

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OCTOBER 4, 1973, AND TO DISCUSSIONS WHICH HAVE SUBSEQUENTLY BEEN HELD BETWEEN REPRESENTATIVES OF THE FOUR COUNTRIES AND OF THE UNITED STATES CONCERNING THE 1974 QUOTA TO BE ESTABLISHED FOR THE WEST INDIES UNDER THE

TERMS OF THE UNITED STATES SUGAR ACT.

THE DEPARTMENT OF STATE AND AGRICULTURE ARE FULLY APPRECIATIVE OF THE DIFFICULT CIRCUMSTANCES WHICH HAVE CONFRONTED THE WEST INDIES GOVERNMENTS AND SUGAR INDUSTRIES DURING THE PAST TWO YEARS. THE TWO DEPARTMENTS HAVE NOTED IN PARTICULAR THE ADVERSE WEATHER CONDITIONS

AFFECTING PRODUCTION IN EACH OF THE FOUR COUNTRIES AND THE UNCERTAINTY OF FUTURE ACCESS FOR THE LARGEST PORTION OF THE AREA'S EXPORTABLE PRODUCTION AFTER THE TERMINATION OF THE COMMONWEALTH SUGAR AGREEMENT. AS HAS BEEN STATED DURING THE CONSULTATIONS REFERRED TO ABOVE, THE UNITED STATES GOVERNMENT IS SYMPATHETIC TO THE SITUATION IN WHICH THE COUNTRIES OF THE WEST INDIES FIND THEMSELVES WITH RESPECT TO SUGAR. WITHIN THE LIMITATIONS IMPOSED BY THE SUGAR ACT OF 1948, AS AMENDED (7 U.S.C. 1100), EVERY ATTEMPT HAS BEEN MADE TO PROVIDE FOR ACCESS TO THE UNITED STATES SUGAR MARKET BY THE COUNTRIES OF THE WEST INDIES.

SECTION 202(D)(4) OF THE SUGAR ACT CONTEMPLATES, UNDER CERTAIN CONDITIONS, RELIEF FROM THE OBLIGATION TO SUPPLY SUGAR TO THE UNITED STATES WHEN THE FAILURE TO SUPPLY RESULTS FROM CIRCUMSTANCES OF CROP DISASTER OR OTHER FORCE MAJEURE. HOWEVER, AS HAS BEEN EMPHASIZED DURING THE CONSULTATIONS, THE SAME SECTION ALSO ESTABLISHES THE SOLE EXCEPTION TO THE ABILITY OF THE SECRETARY OF AGRICULTURE TO MAKE A FINDING THAT ANY FAILURE WAS DUE TO CROP DISASTER OR OTHER FORCE MAJEURE. SECTION 202(D)(4) READS IN RELEVANT PART AS FOLLOWS:

"(4) WHENEVER IN ANY CALENDAR YEAR ANY FOREIGN COUNTRY FAILS, SUBJECT TO SUCH REASONABLE TOLERANCE AS THE SECRETARY MAY DETERMINE, TO FILL THE QUOTA AS ESTABLISHED FOR IT PURSUANT TO THIS ACT, THE

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QUOTA FOR SUCH COUNTRY FOR SUBSEQUENT CALENDAR YEARS SHALL BE REDUCED BY THE SMALLER OF (I) THE AMOUNT BY WHICH SUCH COUNTRY FAILED TO FILL SUCH QUOTA OR (II) THE AMOUNT BY WHICH ITS EXPORTS OF SUGAR TO THE UNITED STATES IN THE YEAR SUCH QUOTA WAS NOT FILLED WAS LESS THAN 115 PERCENTUM OF SUCH QUOTA FOR THE PRECEDING CALENDAR YEAR: PROVIDED, THAT (I) NO REDUCTION SHALL BE MADE IF THE COUNTRY HAS NOTIFIED THE SECRETARY BEFORE JUNE 1 OF SUCH YEAR (OR, WITH RESPECT TO EVENTS OCCURRING THEREAFTER, AS SOON AS PRACTICABLE AFTER SUCH EVENT), OF THE LIKELIHOOD OF SUCH FAILURE AND THE SECRETARY FINDS THAT SUCH FAIL-

URE WAS DUE TO CROP DISASTER OR OTHER FORCE MAJEURE, UNLESS SUCH COUNTRY EXPORTED SUGAR IN SUCH YEAR TO A COUNTRY OTHER THAN THE UNITED STATES, IN WHICH CASE THE REDUCTION IN QUOTA FOR THE SUBSEQUENT YEARS SHALL BE LIMITED TO THE AMOUNT OF SUCH EXPORTS AS DETERMINED BY THE SECRETARY..." (UNDERLINING ADDED)

ON OCTOBER 4, 1973, THE UNITED STATES DEPARTMENT OF AGRICULTURE ANNOUNCED ITS PROPOSALS CONCERNING THE AMOUNT OF SUGAR NEEDED TO MEET THE REQUIREMENTS OF CONSUMERS IN THE UNITED STATES IN 1974 AND THE ESTABLISHMENT OF ANNUAL QUOTA FOR DOMESTIC AND FOREIGN AREAS TOTALLING THE SAME AMOUNT. THE PROPOSAL ISSUED CONTAINED A PROPOSED QUOTA FOR THE WEST INDIES OF 23,802 SHORT TONS, RAW VALUE. THIS CALCULATION WAS, IN PART, BASED ON ADVICE RECEIVED FROM THE WEST INDIES SUGAR ASSOCIATION THAT SHIPMENTS FROM THE WEST INDIES IN CALENDAR YEAR 1973 WOULD BE 60,207 SHORT TONS, RAW VALUE. SINCE THAT ANNOUNCEMENT WAS MADE, THE UNITED STATES GOVERNMENT HAS BEEN INFORMED THAT CALENDAR YEAR 1973 SHIPMENTS WILL BE APPROXIMATELY 40,000 SHORT TONS, RAW VALUE, THUS INCREASING THE SHORTFALL IN 1973 BY SOME 20,000 TONS.

DURING THE CONSULTATIONS REFERRED TO ABOVE, THERE WAS DISCUSSION OF THE METHOD OF CALCULATION OF THE AMOUNT OF THE MANDATORY REDUCTION PURSUANT TO SECTION

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202(D)(4). THE REPRESENTATIVES OF THE UNITED STATES GOVERNMENT UNDERTOOK TO STUDY WHETHER IT WAS POSSIBLE THAT AN ALTERNATIVE METHOD OF CALCULATION WOULD MEET THE STATUTORY REQUIREMENTS SET OUT IN SECTION 202 (D)(4) AND RESULT IN A MORE FAVORABLE QUOTA LEVEL FOR THE WEST INDIES IN 1974. AS A RESULT OF THIS STUDY, IT HAS BEEN FOUND POSSIBLE, CONSISTENT WITH THE PROVISIONS OF SECTION 202(D)(4), TO ESTABLISH A QUOTA FOR THE WEST INDIES HIGHER THAN THAT CONTAINED IN THE ANNOUNCEMENT OF OCTOBER 4. THE INCREASED QUOTA IS POSSIBLE IN SPITE OF THE INCREASED SHORTFALL IN 1973 SHIPMENTS REFERRED TO ABOVE.

IF THE ESTIMATE OF CONSUMPTION OF 11.7 MILLION SHORT TONS RAW VALUE AND THE DEFICITS FOR PUERTO RICO AND THE DOMESTIC BEET AREA SET OUT IN THE ANNOUNCEMENT OF OCTOBER 4 ARE MAINTAINED, THE QUOTA FOR THE WEST INDIES, IN 1974 WILL BE APPROXIMATELY 40,000 SHORT TONS, RAW VALUE. IT MUST BE EMPHASIZED, HOWEVER, THAT THE QUOTA LEVEL WOULD BE REDUCED IF THERE IS ANY FURTHER INCREASE IN THE AMOUNT OF THE WEST INDIES 1973 SHORTFALL. SIMIL-

ARLY, IF ANY CHANGES ARE MADE IN THE CONSUMPTION
ESTIMATE OR DEFICIT DECLARATIONS BEFORE THE DEPART-
MENT OF AGRICULTURE ANNOUNCES ITS DETERMINATION,
THERE WOULD, OF COURSE, BE APPROPRIATE ADJUSTMENTS
OF THE QUOTA LEVELS FOR ALL AREAS, INCLUDING THE WEST
INDIES. THIS DEPARTMENT WILL INFORM THE EMBASSIES

OF THE FOUR COUNTRIES OF THE INITIAL 1974 QUOTA
LEVEL ESTABLISHED WHEN IT IS RELEASED.

THE WEST INDIES SUGAR ASSOCIATION HAS INFORMED THE
DEPARTMENTS OF STATE AND AGRICULTURE THAT IT FIRMLY
EXPECTS TO BE AB

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